

## Message Text

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ORIGIN OES-07

INFO OCT-01 EUR-12 NEA-10 ISO-00 PM-04 ACDA-07 CIAE-00  
INR-07 IO-13 L-03 NSAE-00 NSC-05 EB-07 NRC-05  
FEAE-00 DODE-00 ERDA-05 SS-15 SP-02 INRE-00  
NSCE-00 /103 R

DRAFTED BY OES/NET/RD: J A COON:AN  
APPROVED BY T/D:J NYE  
NEA/INS - MR. KUX  
PM/NPP - MR. OPLINGER (SUBS)  
ACDA - MR. WILLIAMSON  
OES/NET - MR. BORIGHT  
-----089466 071753Z /45

O 071726Z JUL 77  
FM SECSTATE WASHDC  
TO AMEMBASSY NEW DELHI IMMEDIATE  
INFO AMEMBASSY VIENNA IMMEDIATE

S E C R E T STATE 157573

USIAEA

E.O. 11652:GDS

TAGS: IN, TECH

SUBJECT:INDIAN NUCLEAR POLICY: FULL-SCOPE SAFEGUARDS  
ISSUE

1. WE BELIEVE THAT ACCEPTANCE BY INDIA OF IAEA SAFEGUARDS  
ON ALL NUCLEAR FACILITIES WOULD NOT SLOW DOWN INDIAN  
NUCLEAR DEVELOPMENT AS SUGGESTED IN SAMACHAR STORY ON  
DESAI'S VIEW (REFTEL). ON THE CONTRARY, IT COULD POSSIBLY  
FACILITATE THE INDIAN PROGRAM. THE FOLLOWING IS PROVIDED  
FOR THE EMBASSY'S BACKGROUND.

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2. SAFEGUARDS ADMINISTERED BY THE IAEA ARE DESIGNED TO  
PROVIDE EARLY DETECTION AND THEREBY DETERRENCE OF ANY  
DIVERSION OF NUCLEAR MATERIALS FROM PEACEFUL OPERATIONS.  
THE SAFEGUARDS DO NOT PHYSICALLY PREVENT SUCH DIVERSION;  
THEY ARE MORE AKIN TO A BURGLAR ALARM THAN A POLICE FORCE.  
ESSENTIALLY THE SAFEGUARDS PROGRAM REQUIRES CAREFUL AC-  
COUNTING OF SPECIAL NUCLEAR MATERIALS. IAEA INSPECTORS  
PHYSICALLY VERIFY THE ACCOUNTS AND INVENTORY DURING VISITS  
TO FACILITIES. PERSONAL VERIFICATION IS SUPPLEMENTED BY  
CONTAINMENT AND SURVEILLANCE THROUGH USE OF DEVICES SUCH

AS SPECIAL SEALS AND VIDEO MONITORING OF SUCH AREAS AS SPENT FUEL STORAGE POOLS. ANY NON-COMPLIANCE WITH AGENCY

SAFEGUARDS WOULD BE REPORTED BY THE DIRECTOR GENERAL TO THE BOARD OF GOVERNORS WHICH, IN TURN, WILL REPORT THE NON-COMPLIANCE TO ALL IAEA MEMBERS AND TO THE SECURITY COUNCIL AND GENERAL ASSEMBLY OF THE UN. SAFEGUARDS IN NO WAY INHIBIT PEACEFUL OPERATIONS, AND WE ASSUME THAT INDIA'S EXPERIENCE WITH SAFEGUARDS AT TARAPUR WOULD CONFIRM THIS VIEW. IT WOULD PRESUMABLY TAKE SOME TIME FOR THE INDIANS TO NEGOTIATE APPLICATION OF SAFEGUARDS ON ALL THEIR FACILITIES, BUT THIS WOULD NOT PREVENT OPERATION OR CONSTRUCTION DURING THE NEGOTIATING PROCESS.

3. AT ONE TIME, MANY NATIONS, INCLUDING SEVERAL WITH MAJOR NUCLEAR PROGRAMS, SHARED INDIA'S CONCERNS THAT SAFEGUARDS WOULD BE A MAJOR IMPEDIMENT TO PEACEFUL NUCLEAR ACTIVITIES. HOWEVER, THIS CONCERN HAS DISAPPEARED AS EXPERIENCE IN THE SAFEGUARDS SYSTEM HAS GROWN. NO COUNTRY WITH A MAJOR NUCLEAR PROGRAM NOW MAKES SUCH ARGUMENTS AND, ON THE CONTRARY, MOST COUNTRIES NOW ASSERT THE CONTRARY. (FOR EXAMPLE, THE NPT REVIEW CONFERENCE EXPLICITLY ASSERTED THAT IAEA SAFEGUARDS WERE NOT AN IM-  
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PEDIMENT.) UNDERSTANDABLY, IAEA SAFEGUARDS ARE VIEWED BY SOME POWER REACTOR OPERATORS IN THE U.S. AND ABROAD AS SOMETHING OF A NUISANCE, ADDING TO THEIR ACCOUNTING AND REPORTS PROCEDURES AND TAKING UP TIME WITH INSPECTORS BUT THIS SEEMS A SMALL PRICE TO PAY FOR THE ADDED SECURITY IT PROVIDES US ALL. THE FINANCING OF IAEA INSPECTORS AND SAFEGUARDS DEVICES ARE BORNE BY THE AGENCY MEMBERSHIP, OR BY VOLUNTARY ASSISTANCE (MAINLY FROM THE U.S.); COSTS TO THE FACILITY OPERATORS ARE MINIMAL, AND MAINLY ASSOCIATED WITH ASSIGNMENT OF STAFF TO ACCOMPANY INSPECTORS.

4. SAFEGUARDS ARE WIDELY ACCEPTED BY BOTH NPT AND NON-NPT PARTIES. INDEED, ASIDE FROM INDIA, ONLY ISRAEL, ARGENTINA, AND SOUTH AFRICA HAVE SIGNIFICANT UNSAFEGUARDED FACILITIES. BRAZIL, FOR EXAMPLE, IS NOT AN NPT PARTY, BUT ALL ITS EXISTING FACILITIES ARE SAFEGUARDED. THE OLD FEAR THAT SAFEGUARDS WOULD PERMIT "INDUSTRIAL ESPIONAGE" HAS BEEN LARGELY LAID TO REST BY SCRUPULOUS AGENCY PROTECTION OF "PROPRIETARY INFORMATION" AND "SAFEGUARDS CONFIDENTIAL" INFORMATION. (AT THE MOMENT, ONLY SOUTH AFRICA IS CITING THIS AS AN EXCUSE FOR NOT PERMITTING SAFEGUARDS ON ITS ENRICHMENT FACILITIES.)

5. THE U.S. ITSELF HAS VOLUNTARILY ACCEPTED IAEA SAFEGUARDS ON CIVIL FACILITIES AND WE ARE NOW ENGAGED IN NEGOTIATING THE DETAILED ARRANGEMENTS. OUR VOLUNTARY OFFER WAS INTENDED, IN PART, TO DEMONSTRATE THAT SAFE-

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DID NOT WISH TO ENJOY ANY COMMERCIAL ADVANTAGE, HOWEVER SMALL THAT MIGHT BE, FROM HAVING UNSAFEGUARDED CIVIL FACILITIES; THUS, WE WERE WILLING TO ACCOMMODATE OURSELVES TO IAEA INSPECTION PROCEDURES AND REQUIREMENTS. THE UK HAS MADE AN IDENTICAL VOLUNTARY OFFER.

6. ACCEPTANCE OF SAFEGUARDS MIGHT PERMIT INDIA TO MOVE  
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BACK INTO THE MAINSTREAM OF INTERNATIONAL NUCLEAR DEVELOPMENT FROM ITS CURRENT POSITION OF CONSIDERABLE ISOLATION. ALL MAJOR NUCLEAR-EXPORT COUNTRIES NOW SUPPLY NUCLEAR EQUIPMENT AND MATERIALS ONLY WHEN MATERIAL, FACILITIES, AND PRODUCED MATERIAL WILL BE COVERED BY IAEA SAFEGUARDS. (ALL NPT PARTIES ARE REQUIRED TO IMPOSE THIS OBLIGATION. THE ONLY NON-NPT SUPPLIER OF CONSEQUENCE, FRANCE, HAS ADOPTED SIMILAR RULES AS A MATTER OF NATIONAL POLICY.) THOSE COUNTRIES PARTICIPATING IN THE LONDON SUPPLIERS GROUP HAVE DEVELOPED AN EXTENSIVE "TRIGGER LIST" OF MATERIALS AND EQUIPMENT WHICH THEY WILL NOT EXPORT TO FACILITIES WITHOUT SAFEGUARDS. MEMBERS OF THE SO-CALLED ZANGGER COMMITTEE OF THE IAEA SUBSCRIBE TO A SIMILAR ARRANGEMENT. CANADA AND SWEDEN ALREADY INSIST ON FULL-SCOPE SAFEGUARDS AS A CONDITION OF NEW OR EXPANDED SUPPLY AND AUSTRALIA REQUIRES NPT ADHERENCE (ALTHOUGH THEY HAVE RESERVED THE POSSIBILITY THAT THEY MAY FALL BACK TO THE CANADIAN POSITION.) PRESIDENT CARTER HAS ANNOUNCED A POLICY SOMEWHAT SIMILAR TO THAT OF CANADA, VIZ., THE U.S. WILL REQUIRE AS A CONDITION OF NEW OR EXPANDED SUPPLY, THAT A COUNTRY HAVE IAEA SAFEGUARDS ON ALL ITS FACILITIES.

7. AS A RESULT OF THESE INCREASINGLY STRINGENT POLICIES, IT WILL BE INCREASINGLY DIFFICULT FOR INDIA TO OBTAIN IMPORTED EQUIPMENT OR NATURAL URANIUM FOR THE UNSAFEGUARDED REACTORS UNDER CONSTRUCTION IN MADRAS AND NARORA OR SPECIAL EQUIPMENT FOR ITS HEAVY WATER FACILITIES, ETC. WE RECOGNIZE THAT INDIA PRIDES ITSELF IN INDIGENOUS DESIGN AND DEVELOPMENT OF NUCLEAR FACILITIES AND HEAVY WATER PLANTS. GIVEN ENOUGH TIME, WE ESTIMATE THAT INDIA CAN FABRICATE MOST, IF NOT ALL, THE EQUIPMENT NEEDED. HOWEVER, PURCHASE FROM ABROAD OF SOME KEY ITEMS (FOR EXAMPLE, ZIRCALOY TUBING AND COMPRESSORS FOR HEAVY WATER PLANTS),  
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COULD SIGNIFICANTLY SPEED UP THE CONSTRUCTION AND, IN MANY CASES, BE CHEAPER. IT IS OUR IMPRESSION THAT EVEN THE INDIANS ADMIT THAT CONSTRUCTION OF RAPP-II AND THE MADRAS UNITS HAVE BEEN SUBSTANTIALLY DELAYED BY THE WITH-

DRAWAL OF CANADIAN ASSISTANCE.

8. IF ALL INDIAN FACILITIES WERE UNDER SAFEGUARDS, WIDER COOPERATION WITH THE U.S., AND PRESUMABLY OTHER SUPPLIERS,

COULD, IN THEORY, BE POSSIBLE. AS THE EMBASSY IS AWARE, WE ESSENTIALLY ARE NOT APPROVING ANY LICENSED EXPORTS FOR UNSAFEGUARDED INDIAN FACILITIES. FOR EXAMPLE, WE RECENTLY REFUSED TO LICENSE SHIPMENT OF ZIRCALOY SPONGE TO GERMANY FOR FABRICATION INTO FUEL ROD TUBING FOR INDIA. EVEN LICENSES FOR RELATIVELY MINOR EQUIPMENT ITEMS, SUCH AS STAINLESS-STEEL STRAINERS FOR THE COOLANT SYSTEM FOR THE RAJASTHAN REACTORS, HAVE BEEN RETURNED WITHOUT ACTION, PENDING CLARIFICATION OF THEIR SAFEGUARDS SITUATION. ALTHOUGH EXPANDED U.S. COOPERATION WOULD DEPEND ON A NUMBER OF FACTORS, OUR CURRENT POLICY (AND PROPOSED LEGISLATION) WOULD ABSOLUTELY PRECLUDE ANY SUPPLY TO UNSAFEGUARDED FACILITIES. MOREOVER, ALTHOUGH WE OBVIOUSLY CANNOT SPEAK FOR CANADA, WE UNDERSTAND THAT A RESUMPTION OF CANADIAN COOPERATION WOULD REQUIRE FULL-SCOPE SAFEGUARDS. GIVEN THE INDIAN COMMITMENT TO CANDU-TYPE REACTORS, SUCH COOPERATION COULD CONTRIBUTE TO SPEEDING UP DEVELOPMENT.

9. PRIME MINISTER DESAI'S MISCONCEPTION OF THE DISADVANTAGES OF FULL-SCOPE SAFEGUARDS COULD BE CRITICAL IN TERMS OF OUR EFFORTS TO PERSUADE THE GOI TO ACCEPT THEM AND IT IS IMPORTANT THAT WE CLARIFY THIS ISSUE. HOWEVER, ANY APPROACH TO DESAI OR OTHERS ARGUING THE ADVANTAGES OF FULL-SCOPE SAFEGUARDS AND SETTING THE RECORD STRAIGHT ON THEIR SUPPOSED DISADVANTAGES MUST BE HANDLED WITH GREAT CARE. THE INDIANS RECOGNIZE THAT THE LONDON SUP-  
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PLIERS GROUP EVOLVED LARGELY IN RESPONSE TO THE 1974 INDIAN TEST AND THEY RESENT THE IMPLICATION OF A SUPPLIER CARTEL WITH POLICIES DESIGNED TO RESTRICT SENSITIVE EXPORTS TO THIRD WORLD COUNTRIES AND TO FORCE ACCEPTANCE OF SAFEGUARDS AS A CONDITION OF SUPPLY. ANY ARGUMENT FOR FULL-SCOPE SAFEGUARDS WHICH THEY PERCEIVED TO BE ORCHESTRATED BY THE MAJOR SUPPLIERS AND WHICH APPEARED TO OFFER A "BRIBE" FOR GOOD BEHAVIOR MIGHT BE RESENTED AND TEND TO BE COUNTERPRODUCTIVE. MOREOVER, WE MUST ALSO BE CAREFUL NOT TO IMPLY THAT A FAVORABLE U.S. DETERMINATION ON THE SAFEGUARDABILITY OF THE PREFRERE REPROCESSING PLANT AS PRESENTLY CONFIGURED WOULD NECESSARILY FOLLOW ON GOI ACCEPTANCE OF FULL-SCOPE SAFEGUARDS. WE CONTINUE TO REGARD PUREX REPROCESSING, WHICH PROVIDES ACCESS TO SEPARATED PLUTONIUM, AS A SIGNIFICANT PROLIFERATION RISK SINCE EVEN THE MOST EFFECTIVE SAFEGUARDS COULD ONLY PROVIDE A FEW DAYS OR, AT BEST WEEKS, WARNING OF ANY DIVERSION. WE OURSELVES HAVE DEFERRED COMMERCIAL REPROCESSING

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ON RESOLVING NUCLEAR DIFFERENCES INTENSIFY IN THE NEXT  
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FM SECSTATE WASHDC

TO AMCONSUL BOMBAY IMMEDIATE

S E C R E T STATE 157573

FOL RPT STATE 157573 SENT ACTION NEW DELHI SENT INFO VIENNA  
DATED 07 JUL 77

QUOTE: S E C R E T STATE 157573

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 22-Sep-1999 12:00:00 am  
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**Current Classification:** UNCLASSIFIED  
**Concepts:** POLICIES, NUCLEAR SAFEGUARDS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Sent Date:** 07-Jul-1977 12:00:00 am  
**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977STATE157573  
**Document Source:** ADS  
**Document Unique ID:** 00  
**Drafter:** OES/NET/RD: J A COON:AN  
**Enclosure:** n/a  
**Executive Order:** 11652 GDS  
**Errors:** n/a  
**Expiration:**  
**Film Number:** D770241-0876  
**Format:** TEL  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1977/newtext/t197707105/baaaetez.tel  
**Line Count:** 481  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, TEXT ON MICROFILM  
**Message ID:** ab038762-c288-dd11-92da-001cc4696bcc  
**Office:** ORIGIN OES  
**Original Classification:** SECRET  
**Original Handling Restrictions:** n/a  
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**Previous Channel Indicators:**  
**Previous Classification:** SECRET  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 30-Nov-2004 12:00:00 am  
**Review Event:**  
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**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** INDIAN NUCLEAR POLICY: FULL-SCOPE SAFEGUARDS ISSUE  
**TAGS:** TECH, IN  
**To:** NEW DELHI INFO VIENNA  
**Type:** TE  
**vdkgvwkey:** odb://SAS/SAS.dbo.SAS\_Docs/ab038762-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009